
MEMORANDUM

TO: Planning Commission

FROM: Marvin S. Krout, Planning Director

SUBJECT: DRAFT City of Lincoln FY 2005/06-2010/11 Capital Improvement Program

DATE: April 27, 2005

COPIES: Mayor Seng, Mayor's Capital Improvement Advisory Committee,
Lincoln City Council, City Directors, County Budget Office, Media

Attached is the draft 2005/06-2010/11 Capital Improvement Program (CIP) for the City of Lincoln. The City Charter requires that the Planning Director submit an updated CIP annually to the Planning Commission for your review as to the projects' conformity to the Comprehensive Plan. The Planning Commission hearing on the draft CIP is scheduled for the afternoon of May 18, after hearings on several proposed Comprehensive Plan amendments. An information meeting is planned for May 10, and the City staff will brief the Planning Commission on the CIP over the noon hour prior to your regular meeting on May 11. After Planning Commission review, the Mayor will submit the CIP, with or without revisions, to the City Council, along with the proposed operating budget for the next year.

The CIP is a multi-year planning instrument that identifies needs and financing sources for public infrastructure and other community facilities to serve the city's anticipated development and redevelopment. Although capital projects are scheduled throughout the 6 year CIP, only those programs scheduled during the first year are adopted by the City Council as part of the Annual Budget. Projects identified for funding appropriation in subsequent years may be adjusted to reflect changes in priorities or funding constraints. The CIP this year assumes a 3% annual inflation rate for all capital projects.

This is the third year that the CIP is fully integrated with the 2025 Lincoln/Lancaster County Comprehensive Plan, which was adopted in May, 2002 and last amended in April, 2005. This year has been especially challenging for the Capital Improvement Advisory Committee. The stress on General Revenue funds as a result of numerous factors places a severe limit on the City's ability to fund capital improvements. The defeat of the referendum on a property tax bond program for streets and trails left a large gap between available revenues and the cost of needed improvements in those categories.

Highlights of the draft CIP include:

- This year's draft CIP is lower in total cost, at \$865.5 million than last year's cost of \$1.1 billion. The first year (2005/06) program totals \$177.8 million, which is smaller than the \$236.5 million program approved for the current year (FY 2004/05) CIP.

- The draft CIP shows a growing need for more General Revenue (GR) funds over the next 6 years compared to previous CIPs. The first year calls for \$2.0 million in GR funds, and the remaining years average more than \$4.6 million per year.
- Antelope Valley projects in the 6 year CIP total over \$101 million, which includes a need of over \$11 million in GR funds over the 6 year period. However, the draft CIP does not account for the potential of grant funding earmarked for Antelope Valley being approved as part of a new federal transportation act.
- Funding for design, right of way acquisition, and limited construction for the South Beltway totals \$17.8 million over the 6-year period is the anticipated City's contribution. This draft CIP does not account for the potential federal grant funds that are earmarked for this project in the current federal transportation bill being considered by Congress.
- The Public Works and Utilities Department in 2005-06 will enter the second year of an aggressive program of water and sewer improvements that will enable the City to implement its Comprehensive Plan. The past year they have seen an increase in construction costs and operating costs, while the demands for expansion have increased. As a result, the draft 6 year CIP will require higher water and sewer rate increases in 2005/06 than were previously anticipated.
- The draft CIP assumes that voters will approve General Obligation Bonds, ranging from \$2.5 million to \$27.4 million. These bonds would finance open space acquisition and trails reconstruction, watershed management projects, two new fire stations and improvements to the education, training and fleet campus, emergency communication upgrades, renovation projects at Pershing Center, and a part of the cost to renovate or replace the downtown library.

This past year, City staff has struggled with several requests to develop land at the edge of the city that is designated for near-term development but is bordered or bisected by arterial streets that are unpaved or non-existent. In order to maintain an adequate supply of land for continued economic growth, the Administration has developed a policy for "directed impact fees." Under this policy, individual annexation agreements will include provisions for a guaranteed reimbursement of some or all of the developer's cost of constructing arterial street segments that border or bisect their development tract, by "directing" the arterial street impact fees generated by development of the lots within that same development tract. The draft CIP contains a new "line item" that reflects this proposed policy.

Preparation of the CIP is a result of considerable efforts from staff in many City departments. Each year, staff attempts to reassess their overall goals and priorities for capital improvements and the means for implementing them. Their commitment to providing accurate and understandable financial information is greatly appreciated.